



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WASHINGTON, DC 2220410-8000

OFFICE OF HOUSING
Office of Affordable Housing Preservation

DATE: October 4, 2005

TO: Preservation Offices

CC: Linda Field, Director of Portfolio Management
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FROM: Theodore K. Toon, Acting Deputy Assistant Secretary

SUBJECT: New Procedures for Issuing 223(a)7 Firm Commitments and Making DAP Entries-
EFFECTIVE OCTOBER 4, 2005

PURPOSE AND OVERVIEW

This memorandum establishes new procedures for loading DAP and processing Firm Commitment and endorsement actions on OAHP 223 a7 loans. Effective October 4, 2005, OAHP's HQ Closing/Post-Closing Department (HQC) staff will assume DAP and Firm Commitment tasks now handled by Multifamily Housing's field staff. Under these new procedures, one of HQ Closing's Post-Closing Specialists and both of the Closing Specialists will be the Tracking Representatives for the DAP system. The Tracking Representatives will create applications in DAP (including assigning FHA project numbers), update application processing statuses in DAP, generate 290 Closing Memorandums in DAP, and send the DAP-generated 290 and all required attachments to F47 staff. Henceforth, OAHP will discontinue use of the Word fillable 290 Closing Memorandums. These procedures will streamline services and increase accuracy.

This memorandum provides guidance to OAHP staff. Multifamily Housing will issue separate guidance to its field staff.

PROCEDURES - ISSUING THE FIRM COMMITMENT

- The new lender or their counsel prepares the Firm Commitment and sends it to the PAE for review and concurrence.
- The PAE sends Form 92013, Form 92264-A, Form 92329 Property Insurance Schedule, and the draft Firm Commitment to the OAHP Preservation Office Closing Coordinator (CC) for review and concurrence. The CC must make certain that all the information on the forms is correct, especially the **Congressional District** code, the **number of revenue and non-revenue units** and the **"Section of the Act" (SOA)**. **The CC must check** the REMS database for both the number of units and the old SOA (both the alpha code and numeric designation), which is used to create the new SOA. For example, if the old SOA is OMI (for a 221(d)(4) NC/SR apartments), the new SOA should be REJ (for 223(a)(7) of a 221d4 NC/SR loan). In the event of a conflict between the unit mix (revenue vs. non-revenue units) in REMS and the unit mix used in OAHP processing, the unit mix OAHP used in processing should be used. **It is critically important that the number of units/unit mix and the SOA be correct throughout the loan documentation.** The SoA is particularly important as it determines the number series for the new FHA project number and DAP feeds that number to F47 and REMS.
- When the CC determines the draft commitment is correct, the CC should email the draft commitment to the **"OAHP 223a7 Firm Commitments"** mailbox. In the body of the email, the CC

should include: # revenue units, # non-revenue units, # sites (and whether scattered or not), and Congressional District Code. The remaining DAP data can be extracted from the draft Firm Commitment. OAHP's Tracking Representative will enter the case into DAP, obtain the new FHA case number, and email that new number to the CC who disseminates it to the PAE and any other necessary parties.

- Upon receipt of the new FHA number the CC completes Sections A and B of the Request for Firm Commitment/Risk Sharing Authorization or Credit Subsidy Obligation form ("Authorization") and emails it to the Tracking Representative care of the "**OAHP 223a7 Firm Commitments**" mailbox. The Tracking Representative checks the form and emails it to the OAHP Director of Portfolio Management or their designee who in turn emails the Authorization to the "MF_FirmC_Approval" mailbox.
- Headquarters Office of Multifamily Development processes the Authorization request and emails approval of the Authorization to the Director of Portfolio Management, others copied in Director's email request, and the Director of the Multifamily production office.
- The Preservation Office Director or designee issues the Firm Commitment after they have ensured the information contained in the commitment (i.e. the Section of Act, Mortgage Insurance Premium, and mortgage amount) matches the information shown on the approved Authorization. Upon issuance, the CC immediately emails the commitment to the "**OAHP 223a7 Firm Commitments**" mailbox advising of the date of issuance and the date the commitment expires (if it deviates from the standard 90 days.)

Upon receipt of the email confirming that the Firm Commitment has been issued, OAHP's Tracking Representative updates DAP to move the application to *Firm Issued* Status.

DETERMINING WHEN OBTAINING AUTHORIZATION FOR REISSUING OR AMENDING THE FIRM COMMITMENT IS REQUIRED

OAHP Preservation Office staff must ask OAHP Headquarters to obtain a new authorization before:

- reissuing a Firm Commitment (e.g., for changes to Section of Act, Mortgage Insurance Premium, or other changes); or
- amending the Firm Commitment to increase the mortgage amount above the amount The Office of Multifamily Development last authorized.

A new Authorization is not required before amending a commitment:

- to extend the expiration date (at the same mortgage amount)
- to decrease the mortgage amount below the amount last authorized

Important: While no firm authorization is required for extensions or decreases, any time the mortgage amount changes, the Firm Commitment must be amended to cover the change regardless of whether it is an increase or decrease, and the change must be entered into DAP. This is required because the Budget Office uses the firm commitment amounts to monitor limits on loan obligations. OAHP preservation offices must email the amended commitment to the "**OAHP 223a7 Firm Commitments**" mailbox immediately after signing the amendment. The Tracking Representative will update the application in DAP. Preservation offices must also email Tracking Reps if a commitment is canceled/ withdrawn.

STEPS FOR APPROVAL OF REISSUES or AMENDMENT INCREASES

When a reissue or amendment increase is needed, the CC must email an authorization request form to the "**OAHP 223a7 Firm Commitments**" mailbox. The Tracking Representative will process this through the OAHP Director of Portfolio Management or their designee. The CC may issue the amendment only

after the Office of Multifamily Development authorizes the reissue/ increase.

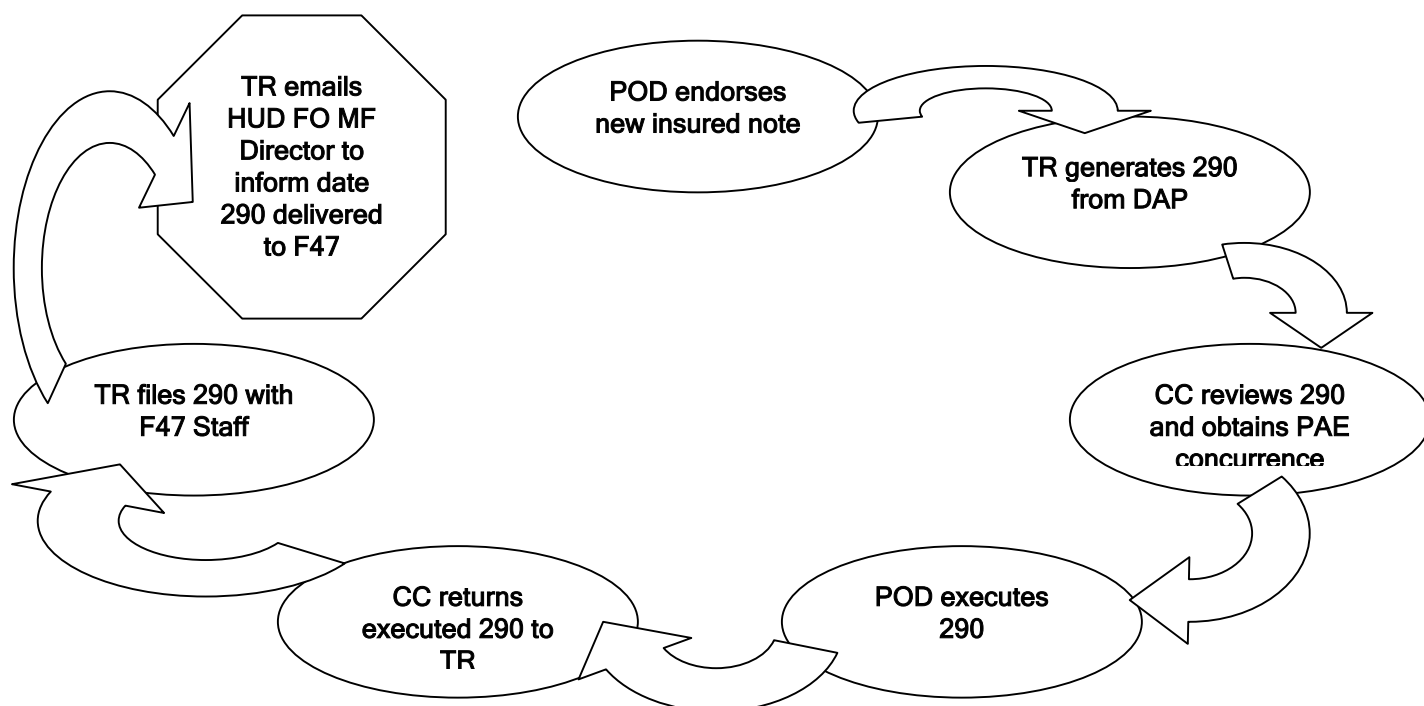
Immediately after the CC reissues or amends the commitment, the CC must email the commitment document to the ***"OAHP 223a7 Firm Commitments"*** mailbox. The HQ Tracking Representatives will update the application status in DAP.

MANAGEMENT OF NOTE ENDORSEMENT PROCESS

OAHP preservation offices may endorse notes only for the last Firm Phase mortgage amount recorded in DAP. If staff are ready to close and the amount they wish to endorse differs from the last amount shown in DAP, the CC must email the Tracking Representatives and ask them to update DAP per the last authorization request sent.

When the closing is held, the Preservation Director must sign and date the note's endorsement panel and FAX the endorsed note to the OAHP Tracking Representative. Upon receipt of the copy of the endorsed Note, the OAHP Tracking Representative will update the application in DAP and use the date the panel was signed as the endorsement status date. The Tracking Representative will generate a 290 Closing Memorandum in DAP. The CC must open the case in DAP (CC's will have read-only access) and review the 290 and obtain the PAE's concurrence. If the CC questions info on the 290, the CC must discuss the matter with the Tracking Representative. The CC may not change the 290 entries. When the CC agrees that the 290 is correct, the PO Director signs the 290 and the CC faxes the 290 and all required attachments to the Tracking Representative. The Tracking Representative hand-carries the 290 package to F47 staff and simultaneously emails a copy of the 290 to the Director of the Multifamily Production office.

290 website: <http://hudatwork.hud.gov/po/h/hm/fog/dev/290.cfm>



SUMMARY

The revised OAHP procedures outlined herein were designed to meet the current requirements from Multifamily Headquarters for the processing and approval of all FHA Firm Commitments and Amendments. These changes will streamline the process for OAHP and allow the HQ Closing/Post Closing department to track authorization and issuance of Firm Commitments.

Any questions should be directed to the HQ Closing/Post-Closing Department:

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